Nova Scotia Department of Finance

Business Plan

1999-2000

NOVA SCOTIA
Department of Finance

103-02710/

BUSINESS PLAN 1999/2000

Planning Context

The Nova Scotia Department of Finance is a central agency of government with responsibility for government-wide fiscal and economic policy, budget planning and budget control, investments and debt management, procurement, controllership, and significant support through the Finance Corporate Services Unit (CSU) which serves fourteen departments, agencies and commissions. The Department of Finance has 225 employees working in two locations in Halifax (Provincial Building and Young Street). The scope of responsibility requires the department to take a broad perspective and to provide objective advice on a wide range of government policies and developments. The Department provides the leadership, delivery, and support of a number of core services to all departments in government including investment advisory services, government accounting, payroll, budgeting, procurement, and statistics. The Department serves a diversified and extensive range of clients, including other departments and agencies, MASH sector, other governments, government employees, the business community, and the investment community. In addition, its recommendations and policies impact virtually every citizen of the Province.

In an environment of ongoing fiscal pressures, the Department's planning process is taking place in the context of increased demand for more diligent application of its fiscal management responsibilities and the demand for more efficient services to assist departments with their responsibilities affected by central services.

Core Business Function	**Budget Allocation** (,000s) 1999/2000 Estimate
Financial Management Minister and Deputy office, Legal Services, Communications, Fiscal Strategy including the functions of Assistant Deputy Minister, Planning & Budgeting, Administrative, and Strategic Research and Controller's Office including Government Accounting, Payroll, Internal Audit and Corporate Financial Management System (CFMS)	3,379.0
Investments, Pensions & Debt Management Exec. Director, Investment Management, Treasury Services, Pensions Services and Regulation, Debt Management and Cash Management	756.0
Policy Development Exec. Director, Fiscal Policy, Economic Policy & Analysis, and Statistics	1,701.0
Procurement Services Exec. Director, Purchasing, Public Tender's Office, Supply Services and Technology Services	1,506.0
Corporate Services CSU functions of Human Resources, Information Technology and Financial Services	2,599.0
Total 1999-2000 Estimate	**9,941.0**

Major challenges facing the Department are:

- Ensuring increased interdepartmental and intergovernmental collaboration and participation on critical financial issues affecting Nova Scotia.
- Providing efficient and effective corporate services to all associated departments and agencies, managing increasing work demands and meeting greater client needs.
- Maintaining an effective investment and debt management strategy in a situation of volatile global financial markets.
- Resolving Y2K difficulties including related cost pressures and ensuring reliable operation of our systems, as well as managing any risk associated with our client's systems.
- Recruiting and maintaining a skilled, well-trained and motivated workforce.

Mission Statement

To establish a fiscal climate conducive for economic growth and to provide central agency support and policy direction for effective management of the Province's finances, government procurement, and pensions administration.

Goals

1. To enhance financial accountability in the management and control of the Province's finances.
2. To enhance Nova Scotia's long-term fiscal position, provide for fair and efficient taxation and promote economic growth in a strategic way that balances the social responsibilities of government, debt reduction, and a lowering of the tax burden.
3. To provide a core set of high quality corporate services and infrastructure, that supports the efficient and effective management of the Province's public resources, including: government accounting, payroll, pensions, budgeting, treasury, procurement, statistics, and internal audit.
4. To achieve effective money management that maximizes return on investments and minimizes debt servicing costs, within acceptable risk tolerances.
5. To ensure a responsible regulatory environment that safeguards pension entitlement and ensures fair and competitive procurement.
6. To foster an environment that values its clients and its employees.

The following table shows that the Department's goals directly support the Government's four pillars. Many activities within each of the core business functions of the Department reinforce these linkages. Economic growth is enhanced through taxation policy, procurement programs and activities, and strategic economic planning as well as direct program spending. Social responsibility is supported by taxation policy and programs that favour low income households as well as balancing the needs of social program funding with other fiscal requirements. As an integral part of the Department's culture, Finance is a dynamic organization that reviews its services on an ongoing basis and responds to client needs and feedback within its fiscal capacity. All aspects of the Department's core functions are aimed at achieving fiscal stability which is a fundamental requirement in support of the other pillars.

Pillar / Goal	Economic Growth	Social Responsibility	Responsive Government	Fiscal Stability
Achieving Financial Accountability	X	X	X	X
Enhancing the Province's Fiscal Interests	X	X	X	X
Providing Corporate Services	X		X	X
Effective Money Management	X	X	X	X
Ensuring Responsible Regulatory Environment	X	X	X	X
Developing a Quality Organization			X	

Core Business Functions

Financial Management

- provides direction to the planning and review of the budget process and prepares the budget documents
- oversees the accounting of government financial transactions, prepares periodic financial reports and initiates corrective action as necessary
- works with government and departments to ensure adherence to the fiscal guidelines and parameters of government
- prepares, publishes and communicates public accountability statements and documents
- liaises with the Auditor General in conducting the external audit of the Province's finances, conducts internal audits and reviews government programs
- oversees the management of the provincial payroll process and benefits administration

Investment, Pensions, and Debt Management

- manages provincial investments, trust funds, pension funds, debt obligations and treasury operations.
- manages the investment of provincial government pension funds
- provides for the regulation of private sector pension plans

- provides management of the Superannuation and Teachers Pension Plans including the payout of employee pensions
- manages the Province's debt and investment portfolio within prescribed limits. Recommends investment and debt guidelines to government.

Policy Development

- researches, analyses, forecasts and provides recommendations to government, in respect of provincial fiscal, economic, statistical and procurement policy and activities
- disseminates information on a wide range of fiscal, tax, financial, and procurement policies and activities
- provides strong representation and negotiation of Nova Scotia's interests covering a wide variety of federal-provincial and regional committees and task groups including such things as fiscal arrangements, pensions and procurement
- provides strong representation of Nova Scotia's financial and economic interests for interdepartmental initiatives
- researches and develops policy alternatives respecting issues including fiscal management, pensions and procurement.
- develops information materials in support of government accountability.

Procurement

- provides innovation to, and support of, the administration of government procurement processes
- oversees the administration of procurement related trade agreements and provides general services, policy direction, and advice to other publicly funded bodies including the MASH Sector
- assists in the review and restructuring of government supply and logistics operations
- provides for the regulation of procurement activities within the Government of Nova Scotia.

Corporate Services

- provides corporate services in government accounting, payroll, pensions, budgeting, treasury, procurement, statistics, and internal audit
- develops, implements and maintains financial information systems to support effective and efficient financial management government-wide.

Priorities for 1999/2000

Achieving Financial Accountability

- Achieve satisfactory budget outcomes which include a balanced budget, that is balanced within a legislative framework, and adequate federal funding for health.
- Improve corporate control over budgeting and spending.
- Improve compliance with PSAB government accounting guidelines.
- Improve operating integrity (control, environment, and policies) of the Corporate Financial Management System (CFMS).
- Proceed with substantive changes to enhance government's financial accountability as outlined in *Financial Accountability: A Blueprint for Success*.
- Continue to develop reporting and control instruments to ensure full transparency and accountability in the procurement process.
- Develop a strategy that will reduce the Province's exposure to financial risk on such items as capital market exposures in foreign exchange and unforeseen events.
- Develop and implement a strategy to optimize exposure arising from off-balance sheet transactions (guarantees, leases, etc).

Enhancing the Province's Fiscal Interests

- Effectively represent Nova Scotia's interests in federal-provincial negotiations and discussions respecting such issues as transfer programs, tax collection agreements and the statistical databases which support them.
- Facilitate the development and implementation of provincial policy initiatives through the evaluation and assessment of potential economic, social and fiscal strategies.
- Continue to enhance the province's ability to provide for accurate and timely economic and fiscal forecasts to facilitate effective business planning by government.
- Provide ongoing research, analysis and input into intergovernmental harmonization discussions and ensure the proper allocation of the Province's sales tax revenues to Nova Scotia.
- Develop a strategy for the long-term reduction of debt in the Province.
- Continue to prepare policy positions and represent Nova Scotia's interests in federal-provincial, regional, and national trade committees studying government and MASH sector procurement practices, trade issues and economic development opportunities.
- Maintain or enhance funding positions of the Teachers' Pension Plan and Public Service Superannuation Plan.

- Develop a set of objective criteria for Cabinet to assess loans and guarantees related to business development programs.

Providing Corporate Services

- Increase the awareness within government of the economic and statistical information and analytical capabilities available to maximize use of government-wide information for effective decision-making e.g. use of updated Input-Output tables, increased interdepartmental consultations with Statistics Canada.
- Carry out a survey of government departments and agencies to determine their needs and capacity relative to statistical and economic information and services.
- Develop technical infrastructure and data resources to deliver statistical, economic and tax information and programs to clients through internet, intranet and GIS facilities.
- Continue to advance the information reporting capacity of the Fiscal and Economic Policy Branch in areas of business policy, economic impact analysis, tax programs and expenditures, and statistical services.
- Review tax program administration with a view to transferring program administration to more appropriate organizations
- Review and revise procurement processes, documentation, and support systems to maximize organizational effectiveness, efficiency, and service quality to meet quality assurance and service standards.
- Where appropriate, extend procurement and CFMS service offerings to include the MASH sector.
- Review business practices and plans regarding the distribution of government tenders to sustain a fair and open procurement process.
- Conduct analysis to determine the feasibility of restructuring government warehousing and logistics operations.
- Provide guidance and support to departments and agencies on significant accounting and financial issues; e.g., P3 projects.
- Co-ordinate improvements in service delivery in payroll and benefits administration.
- Review and improve the co-ordination of the Internal Audit functions of the Province.
- Improve the efficiency and effectiveness of the delivery of pension services to plan members and beneficiaries.
- Ensure business continuity planning initiatives result in ongoing operation of critical departmental systems for the year 2000.

Effective Money Management

- Develop and implement a public capital risk allocation methodology.
- Implement an integrated treasury management system to enhance the overall control, monitoring and performance of the Liability Management and Investment Divisions.
- Establish a Euro Medium Term Note (EMTN) Program in order to provide access to other cost effective capital markets for debt issuance.
- Upgrade Capital Markets Financial Information systems to enhance investment and risk management decision making.
- Develop and implement an effective risk asset review process in respect of risk assets booked directly by the Province or through Crown agencies and corporations.

Ensuring Responsible Regulatory Environment

- Effect amendments to the *Pensions Benefits Act* to achieve the goals of harmonization with other jurisdictions, clarification of provisions and other measures addressing the needs of plan members and sponsors.

Developing a Quality Organization

- Contribute to the quality and professionalism of human resource management in the department.
- Support the development of management in recognition of the need for high quality leadership.
- Develop, in partnership with management, a productive and skilled workforce in a healthy and safe work environment.
- Acquire and develop technologies to improve productivity and improve output quality.
- Carry out a review of the staffing and structure of the Fiscal & Economic Policy Branch with special emphasis on strengthening policy analysis capacity and ability, improved revenue forecasting and stronger support for services offered to government by the Divisions in the Branch.
- Continue to improve staff training opportunities to provide the skills necessary to achieve the Department's strategic goals.

Budgeting Context

The Department of Finance is a corporate central agency for government providing leadership, expertise, analysis and advice to Government on financial, budgetary, taxation, fiscal, economic and statistical matters. Because of the ongoing fiscal challenges, stronger leadership is even more critical as the Province continues its efforts to strengthen its financial position.

The Department's main resource is its staff consisting of experienced professionals in the fields of financial analysis and accountability, investment, debt and cash management, procurement, economics, tax policy, statistics, policy development, government accounting, and corporate services. Approximately 85% of the Department's net budget is allocated to salaries with the remaining 15% allocated to general operating expenditures.

The Department of Finance plays a strong role in providing a wide variety of services, with related infrastructure, to departments and agencies of government:

- government accounting
- payroll
- pensions
- budgeting
- treasury
- procurement
- statistics
- internal audit

The Department is also responsible for management of a number of areas and processes that have a government wide impact:

- investment & debt management
- financial reporting
- fiscal planning & management
- fiscal & taxation policy
- economic forecasting and analysis
- audit

Aside from the Province's tax credit initiatives, the Department does not administer any programs and therefore, when required to reduce expenditures, must make cuts that either diminish or eliminate the above functions. Over 85% of the Department's budget is allocated to salaries related to the services and management functions identified above. The ongoing fiscal plan challenges means that a strong central unit is even more essential to provide necessary support services to all departments. In addition, it must carry out a more proactive management and analytical role relative to expenditure control, revenue generation, and effective money management.

An additional challenge for the Department of Finance is the publicly and internally perceived accountability for spending decisions and control. In reality, spending decisions are made within individual departments with variances being controlled and approved by Priorities and Planning. In response to this, the Department has redirected its resources to provide a more focussed and strategic approach to its fiscal planning.

In the 1998-99 fiscal year, the Department established the Strategic Research Group with a mandate to explore cross-departmental opportunities for economies and efficiencies as well as encouraging innovative approaches to public resource management with long-term benefits. In connection with this broad mandate to improve economic efficiency and growth, for most of the past year this group's work has been focussed on leading and supporting the Province's bid on the post-Panamax port initiative. Strategic planning capacity and stronger co-ordinated leadership on cross-departmental initiatives must be a fundamental part of all aspects of the Department's culture and capacity. Therefore, the Department remains committed to the original intent and objectives of the Strategic Research Group and will continue its review of internal and cross-government services to ensure that they are cost effective and provided through the best service delivery approach, either internally or through external contracts.

The Department reviews aspects of its operations on an ongoing basis.

- A review of Treasury Services demonstrated that a significant component of the functions of treasury operations have already been contracted to the private sector; e.g., investment and custodial services as well as selected banking services, resulting in cost-effective delivery of this service.
- A formal review of the Statistics Division has resulted in the re-instatement of the Director's position which had been cut as a result of the early retirement program. The Statistics Division mandate has been revised to focus on services to government departments and agencies and to put emphasis on statistics that have a high impact on federal fiscal transfers.

There are a number of services in government that could be enhanced through strong leadership and central management or co-ordination that would result either in short-term direct savings or even greater long-term savings by more effective use of involved resources. Some of the service areas that will be reviewed are:

- Internal audit services
- Debt management services
- Warehousing and supply chain management
- CFMS services and support

Linkages/Partnerships

A major operating characteristic of the Department of Finance is its extensive practice of forming linkages and partnerships with other departments, other levels of government and the private sector in the areas of policy, standards, procurement and investment practices. As a central agency, the Department consults widely on all fiscal and procurement issues. The following summarize and highlight some of the key initiatives.

Procurement:
In the area of fostering co-operative procurement practices, the Department is working on several initiatives that include national standards, joint buying, national tendering systems, and co-ordinated operations. In partnership with the government of Quebec, Nova Scotia is leading an initiative to co-ordinate a national forum for the creation of a National Procurement Council.

Policy and Standards:
The Department is active in many local, regional and national groups involved in setting policy and standards related to procurement, government accounting policy, fiscal policy, pensions, investments, economics and statistics. In addition to federal-provincial government initiatives, department officials work with various professional groups, business groups and interested parties such as PSAB, and Voluntary Planning. The Finance IT CSU often contributes to and leads the formulation of IT policies and standards as well as implementing and supporting applications used by government-wide clients; e.g., LAN security policy and implementation of a Resource Management System.

Government-wide Initiatives
The Department participates or provides leadership in a number of government-wide initiatives. The development of the Nova Scotia Business Registry (NSBR), led by the Department of Business and Consumer Services, is an example of excellent cross-government and inter-government participation in a large project that will provide a core infrastructure for how government works with business in Nova Scotia. This project is closely linked with the CFMS and has implications for tax programs administered by the Department. There is potential for the linkages to the Statistics Canada Business Register which could provide some information for assessing the completeness of statistics used in various fiscal transfer programs. GeoNOVA is a project led by the Department of Housing and Municipal Affairs which is taking a corporate approach to the use of information supported by the Province's strong geomatics infrastructure. The Department of Finance is leading one of the five priority areas for development - making Statistics Canada data available through this structure. The Department is also actively involved in activities that affect all or selected departments such as business planning, outcome measures and economic development. The Department also initiated and provided leadership on the post-panamax port development initiative.

OUTCOME MEASURES

Outcome	Indicator	Measure
Strategic Goal: Achieving Financial Accountability		
Improved Financial Management	Budgetary Surplus	Revenue versus Expenditure
	Investor Confidence (money market, indirect investment)	Standard & Poor's Ratings
	Expenditure Control	Additional Appropriations
Strategic Goal: Enhancing the Province's Fiscal Interests		
Employment and Income Growth with Fair Taxation	Economic Expansion	Level of Growth in Domestic Product
		Employment Growth
		Tax Burden by Income Class
Reduced Debt	Reduced Provincial Debt Relative to Provincial Economy	Net Direct Debt as a % of GDP
Strategic Goal: Providing Corporate Services		
Vendor Accessibility	Participation	No. of Firms Bidding on Government Business Opportunities
Reduced Costs of Acquisition	Competition	Percentage of Procurement Conducted by Fully Public Process (Tender)
Improved Management Operations	Audit Plans	Percentage of Audit Plans Completed
Responsive Client Services	Service Reviews	Number of service areas formally reviewed within last 5 years
	Client Satisfaction	Percentage of Clients Expressing Satisfaction with Services
Strategic Goal: Providing Effective Money Management		
Reduced Net Debt Service Costs	Reduced Net Debt Servicing Costs	Net Debt Servicing Cost as a Percent of Net Debt
Reduced Risk Tolerance	Foreign Exchange Exposures	Currency Diversity of Debt
High Level of Security for Plan Members	Financial Strength of Public Sector Pension Plans	Funded Status, Teachers pension Plan and Superannuation Plan
Strategic Goal: Ensuring Responsible Regulatory Environment		
Security of Retirement Income for Members of Private Pension Plans	Security of Private Sector Pensions	% of Active Employees Covered by Pension Plans Registered with the Province, that are Considered Secure

Communications

In the coming fiscal year, Government decisions on fiscal strategy and direction will drive new communications efforts in the Department of Finance. Within the information function, the Department will make new efforts to develop a more integrated records management system and respond quickly and efficiently to outside requests for information. The Department's e-mail information system will be further developed to enable information to be made available economically and efficiently.

Corporate Services Unit

The Department of Finance hosts the Finance Corporate Services Unit which provides human resources, information technology, and financial services to the departments of Finance, Human Resources, and Labour as well as eleven agencies and commissions. The following sections provide an overview of each of these corporate services as well as specific business services/projects planned for the Department of Finance in 1999-2000.

Human Resources

The Human Resources Division is responsible for providing services in a number of areas including recruitment and selection, compensation, benefits, labour relations, occupational health and safety, performance management, attendance management and training and development. During 1999-2000 the following key initiatives will be undertaken to support the Department of Finance:

- Improve the service in human resource program delivery.
- Deliver training and provide consultative support to managers in performance management for implementation of the Integrated Management Development Program (IMD).
- Promote and support participation in training in labour relations for managers.
- Establish goals/plans for management of short term illness and LTD in support of the implementation of corporate disability management policy.
- Assist with organizational review and restructuring as required.

Information Technology

The IT division provides the department with planning, delivery, implementation, and support services in the areas of computer hardware, software, applications, and networks. The division also manages the Province's CFMS and the associated technology infrastructure. During 1999-2000 the following key initiatives will be undertaken to support the Department of Finance:

- work closely with the department to deliver an IT Strategy to address the IT-related objectives within the Business Plan;
- enhance the department's operational abilities through the delivery of value-added information systems and services;

- complete the necessary work required for Y2K compliance/contingency;
- continue to support and safeguard the department's existing production information systems and technologies; and
- manage the province's CFMS environment.

Financial Services

The role of the Financial Services division of the Corporate Services Unit is to provide day-to-day management of accounting transactions and to provide financial planning advice and analysis to support business decisions within our client departments. During 1999-2000 the following key initiatives will be undertaken to support the Department of Finance:

- Continue to develop and implement an appropriate organizational structure which will support the financial and service delivery requirements of the Department of Finance.
- Assume responsibility for the provision of procurement services to the Department of Finance which will include the development and implementation of appropriate procurement procedures and processes. In addition, to ensure adherence to corporate procurement policy, a plan will be implemented to increase accounting staff's level of knowledge with respect to corporate procurement policy.
- Continue to identify financial procedures and processes within the Department of Finance for potential operational changes based on accepted accounting standards and "best" business practices.
- Meet the department's needs with respect to financial analysis in business case development, user fee recoveries, cost/benefit analysis, and other projects.
- Develop a plan for implementation of the corporate Central Services Billing Policy.
- Increase efficiency in the management of capital assets by using the Asset Management Module of the CFMS in accordance with the corporate Tangible Capital Assets Policy.